GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1123
ANSWERED ON:01.03.2001
POWER DEFICIENCIES
CHANDRAKANT BHAURAO KHAIRE;MADHAVRAO SCINDIA;NAWAL KISHORE RAI;NEDURUMALLI JANARDHANA REDDY;RENUKA CHOWDHURY;SHYAMA SINGH;ZORA SINGH MANN

Will the Minister of POWER be pleased to state:

(a) whether the Government have assessed the deficiencies of power sector which are costing the nation Rs.50,000 crore annually because of various factors including thefts and slippages of transmission and distribution;

(b) if so, the details of steps taken/being taken thereof for reforms in the power sector indicating the plan of action for such reforms;

(c) whether the Union Government propose to provide financial assistance to Statesfor plugging the loopholes and to overcome their losses;

(d) if so, the details thereof, Statewise; and

(e) the concrete steps taken/proposed to be taken by the Government to reduce the losses in power sector indicating the action plan drawn for such reforms?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER(SHRIMATI JAYAWANTI MEHTA)

(a) to (e) : Various studies and the deliberations in the Chief Ministers`/Power Ministers` Conferences at regular intervals have clearly brought out that the primary factors responsible for the unsatisfactory health of the power sector are high transmission and distribution losses including pilferage and theft of power, low realisation and non- viable tariff structure leading to an increasing gap between the cost of supply and realisation per unit. Since supply of electricity to consumers is still not fully metered, it is difficult to undertake energy audit and assess actual losses on account of power theft etc. However, more accurate estimation in the States undergoing reforms indicate that the losses on account of T&D, theft and pilferage are actually much higher as revealed by the following figures :-

STATE	T&D LOSSES (%)	
	Before reform	After reform
Orissa	23	51
Andhra Pradesh	25	45
Haryana	32	47
Rajasthan	26	43

It has been recognised that restoration of viability of the distribution sector is key to improving the health of the power sector. Distribution is the responsibility of the States and the magnitude of the problems afflicting the sector calls for a concerted action by them.

Electricity being a concurrent subject, the Government of India has taken several initiatives to encourage reforms in States. The Electricity Regulatory Commission Act, 1998 has been enacted with a view to rationalize tariff, transparent polices towards subsidies etc. Central Electricity Regulatory Commission has been constituted and has started functioning. This Act enables State Government to set up State Electricity Regulatory Commissions (SERCs). So far 15 States have notified constitution of SERCs. SERCs of Orissa, Andhra Pradesh, Maharashtra, U.P., Gujarat, Karnataka and Haryana have already issued tariff orders.

With a view to expedite power sector reforms particularly in distribution, the Government of India has taken several steps. The Conference of Chief Ministers`/Power Ministers` held in February 2000 resolved that reform must be undertaken with determination, vigour and a sense of urgency. The key elements of the reform strategy are:-

(i) Energy Audit at all levels.

(ii) Time-bound programme of 100% metering of all consumers by December, 2001.

(iii) Reduction and finally, elimination of power theft within a specified time frame.

(iv) Strengthening/upgradation of sub-transmission and distribution system by taking sub-station as an unit on a priority basis.

It was also agreed that if the above appears unattainable in the existing set up, corporatization/cooperatisation/privatisation of distribution would have to be undertaken. The Government of India is also signing MOUs on reforms with States whereby the States commit to achieve definite milestones to reduce T&D losses, eliminate theft, improved billing and collection, setting up of functional SERCs etc. Government of India offers financial support through the Accelerated Power Development Programme (APDP) and additional allocation of power from unallocated share of central pool etc. So far, the States of Karnataka, U.P., M.P., Haryana and Gujarat have signed MOUs.